



Propel Funeral Partners Limited

ABN 41 616 909 310

**Appendix 4D – Half-year Report
For the Half-year ended 31 December 2024**

Lodged with the Australian Securities Exchange under Listing Rule 4.2A

Results for announcement to the market

This Appendix 4D is to be read in conjunction with the Interim Financial Report of Propel Funeral Partners Limited for the period ended 31 December 2024 and any public announcements made during the interim period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

Propel Funeral Partners Limited
Appendix 4D
Half-year report

1. Company details

Name of entity:	Propel Funeral Partners Limited
ABN:	41 616 909 310
Reporting period:	For the half-year ended 31 December 2024
Previous period:	For the half-year ended 31 December 2023

2. Results for announcement to the market

					\$'000
Revenues from ordinary activities	up	12.0%	to		115,210
Operating net profit after tax ('Operating NPAT') (refer below)	up	21.1%	to		12,216
Profit from ordinary activities after tax attributable to the shareholders of Propel Funeral Partners Limited	up	42.3%	to		11,768
Profit for the half-year attributable to the shareholders of Propel Funeral Partners Limited	up	42.3%	to		11,768

Dividends

	Amount per security cents	Franked amount per security %
Final dividend - 2024 financial year	7.20	100%

Comments

The statutory profit for the Company (and its subsidiaries) ('Group') after providing for income tax, for the six months ended 31 December 2024, amounted to \$11,768,000 (31 December 2023: \$8,267,000).

Operating NPAT is a financial measure which is not prescribed by the Australian Accounting Standards ('AAS') and represents the profit under AAS adjusted for certain non-operating items, such as acquisition costs and the net financing charge. The directors consider Operating NPAT to be one of the core earnings measures of the Group.

The following table summarises key reconciling items between statutory profit after tax attributable to the shareholders of the Company, and Operating NPAT:

	Consolidated 31 Dec 2024 \$'000	31 Dec 2023 \$'000
Net profit after income tax	11,768	8,267
Add: Acquisition costs	498	1,922
Add: Net other income and expenses	210	83
Add: Net financing charge on pre-paid contracts	132	160
Add/(less): Net foreign exchange loss/(gain)	54	(3)
Less: Net gain on disposal of assets	(32)	(100)
Less: Tax effect of certain Operating NPAT adjustments	(414)	(247)
Operating NPAT	<u>12,216</u>	<u>10,084</u>

Refer to the Interim Financial Report and the Investor Presentation released to the market concurrently with this Appendix 4D Half-year Report for detailed explanation and commentary on the results.

3. Net tangible assets

	Consolidated	
	31 Dec 2024 \$000	31 Dec 2023 \$000
Net assets	352,744	255,208
Less: Deferred tax assets	(6,821)	(7,343)
Add: Deferred tax liabilities	13,640	15,067
Less: Goodwill	(200,645)	(190,154)
Net tangible assets	<u>158,918</u>	<u>72,778</u>
	Number of shares	
	31 Dec 2024	31 Dec 2023
Number of ordinary shares on issue at period-end	137,958,349	118,299,207
	Reporting period cents	Previous period cents
Net tangible assets per ordinary security	<u>115.19</u>	<u>61.52</u>

4. Dividends

	Amount per security cents	Franked amount per security %	Total \$'000	Payment date
Half-year ended 31 December 2024				
Final dividend - 2024 financial year	7.20	100%	9,933	3 October 2024
Half-year ended 31 December 2023				
Final dividend - 2023 financial year	6.90	100%	8,159	3 October 2023
Dividend not recognised at period end				
Interim dividend - 2025 financial year	7.40	100%	10,209	4 April 2025

5. Dividend reinvestment plans

Not applicable.

6. Acquisition or disposals of controlled entities, businesses or assets

Refer to note 18 of the financial statements for further details.

7. Details of any associates and joint venture entities required to be disclosed

The Group has an interest in a joint venture of 49.99% in Osbornes Funeral Directors Limited.

8. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Financial Report.

9. Attachments

Details of attachments (if any):

The Interim Financial Report of the Company for the half-year ended 31 December 2024 is attached.

10. Signed



Brian Scullin
Chairman

24 February 2025



Albin Kurti
Managing Director

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Propel Funeral Partners Limited

ABN 41 616 909 310

**Interim Financial Report
For the Half-year ended 31 December 2024**

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Propel Funeral Partners Limited

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Propel Funeral Partners Limited
Directors' report
31 December 2024

The directors of Propel Funeral Partners Limited (ACN 616 909 310) (referred to hereafter as 'Propel', the 'Company' or 'parent entity') present their report, together with the financial statements, of the consolidated entity (referred to hereafter as the 'Group') consisting of the Company and the entities it controlled at the end of, or during, the half-year ended 31 December 2024.

Due to rounding, numbers presented in this directors' report may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

Background

The Group owns and operates businesses, properties, infrastructure and related assets in the death care industry which stand to benefit from the growing and ageing population. As at the date of this directors' report, the Group comprises of long established providers of funeral services and pet loss services operating from 202 properties (121 owned and 81 leased) across 7 states and territories of Australia and in the North and South Islands of New Zealand, including 40 cremation facilities and 9 cemeteries.

This directors' report includes certain financial measures, such as Operating EBITDA (operating earnings before interest, tax, depreciation and amortisation), Operating EBIT (operating earnings before interest and tax) and Operating NPAT (operating net profit after tax) which are not prescribed by the Australian Accounting Standards ('AAS') and represents the result under AAS adjusted for certain non-operating items, such as acquisition costs and the net financing charge. The directors consider Operating EBITDA, Operating EBIT and Operating NPAT to reflect the core earnings of the Group. These financial measures, along with other measures, have not been subject to specific audit or review procedures by the Company's auditor, but have been extracted from the accompanying financial statements.

Directors

The following persons were directors of Propel during the financial half-year and up to the date of this directors' report:

Brian Scullin - Chairman
Naomi Edwards
Jennifer Lang
Peter Dowding
Albin Kurti
Fraser Henderson

Principal activities

The principal activities of the Group during the financial half-year were the provision of death care related services in Australia and New Zealand.

Dividends

	Amount per security cents	Franked amount per security %	Total \$'000	Date of payment
Half-year ended 31 December 2024				
Final dividend - 2024 financial year	7.20	100%	9,933	3 October 2024
Half-year ended 31 December 2023				
Final dividend - 2023 financial year	6.90	100%	8,159	3 October 2023
Dividend not recognised at period end				
Interim dividend - 2025 financial year	7.40	100%	10,209	4 April 2025

The interim dividend declared in connection with the half-year ended 31 December 2024 ('1H FY25') of 7.4 cents per share (prior corresponding period ('PCP' or '1H FY24'): 7.2 cents per share) represents approximately 85% of Distributable Earnings (NPAT adjusted for the non-cash net financing charge on pre-paid contracts and acquisition costs). The financial effect of the interim dividend declared after the reporting date is not reflected in the 31 December 2024 financial statements and will be recognised in the subsequent financial period.

All dividends referred to above were fully franked at the Company tax rate of 30%.

Significant changes in the state of affairs

During the six months ended 31 December 2024, the Group experienced the following significant changes in its state of affairs:

- completed the acquisition of Decra Art Headstones & Monuments ('Decra'), which has supplied headstones and monuments across New Zealand for over 40 years (refer to note 18 for further details);
- entered into binding conditional legal documentation to acquire Twentymans Funeral Services and Thames Crematory, a funeral services provider operating in and around Thames, New Zealand since 1867 which also provides pet loss services under the brand 'Forever Pets' ('Twentymans');
- acquired four freehold properties for aggregate consideration of approximately \$9,500,000 (excluding stamp duty); and
- Propel and three senior executives (Albin Kurti, Fraser Henderson and Lilli Rayner) agreed to vary their service agreements which were otherwise due to expire on 31 August 2024. The varied service agreements are now evergreen contracts, with a six months' notice period. Key changes to the service agreements were set out in the 2024 Remuneration Report.

There were no other significant changes in the state of affairs of the Group during the six months ended 31 December 2024.

Review of operations

This financial and operating overview summarises the results for 1H FY25 and results for the PCP, unless otherwise stated.

In 1H FY25, the Group reported:

- Revenue of \$115,210,000, an increase of 12.0% on the PCP;
- Operating EBITDA of \$29,899,000, an increase of 9.2% on the PCP; and
- Operating NPAT of 12,216,000, an increase of 21.1% on the PCP.

The table below summarises the half-year results of the Group:

	31 Dec 24	31 Dec 23
	Statutory	Statutory
	\$'000	\$'000
Total revenue	115,210	102,897
Gross profit	80,618	71,403
<i>...margin</i>	70.0%	69.4%
Operating EBITDA	29,899	27,390
<i>...margin</i>	26.0%	26.6%
Depreciation	(7,798)	(7,058)
Operating EBIT	22,101	20,332
<i>...margin</i>	19.2%	19.8%
Net other income and expenses	(33)	-
Net interest expense	(4,726)	(5,969)
Operating NPBT	17,342	14,364
Income tax expense	(5,126)	(4,280)
Operating NPAT	12,216	10,084
<i>Operating earnings per share (cps)¹</i>	8.85	8.53
Non-operating items:		
Acquisition costs	(498)	(1,922)
Net other income and expenses	(231)	19
Net financing charge on pre-paid contracts	(132)	(160)
Tax effect of adjustments	414	247
Net profit after tax	11,768	8,267

Note:

1. Operating NPAT divided by the weighted average number of ordinary shares.

Propel Funeral Partners Limited
Directors' report
31 December 2024

The major income statement line items for the Group down to Operating EBITDA are presented below:

	31 Dec 24 Statutory \$'000	31 Dec 23 Statutory \$'000
Funeral operations	101,102	91,744
Cemetery, crematoria and memorial gardens	12,442	10,180
Other trading revenue	1,666	974
Total revenue	115,210	102,897
Cost of sales	(34,592)	(31,494)
Gross profit	80,618	71,403
Employment costs	(37,995)	(32,116)
Occupancy and facility costs	(5,686)	(5,291)
Advertising costs	(2,329)	(2,361)
Motor Vehicle costs	(1,581)	(1,474)
Other operating costs	(3,128)	(2,771)
Total operating costs	(50,719)	(44,013)
Operating EBITDA	29,899	27,390

The table below provides a reconciliation of net profit after tax to Operating NPAT:

	31 Dec 24 Statutory \$'000	31 Dec 23 Statutory \$'000
Net profit after income tax	11,768	8,267
Add: Acquisition costs	498	1,922
Add: Net other income and expenses	210	84
Add: Net financing charge on pre-paid contracts	132	160
Add/(less): Net foreign exchange loss/(gain)	54	(3)
Less: Net gain on disposal of assets	(32)	(100)
Less: Tax effect of certain Operating NPAT adjustments	(414)	(247)
Operating NPAT	12,216	10,084

Revenue

Revenue increased by 12.0% from \$102,897,000 in 1H FY24 to \$115,210,000 in 1H FY25, driven by:

- a 10.2% increase in revenue from funeral operations; and
- a 22.2% increase in revenue from cemetery, crematoria and memorial gardens.

In 1H FY25, the Group's funeral volumes totalled 11,549:

- up 8.6% on the PCP; and
- up 1.0% on the PCP on a comparable basis, reflecting stable growth compared to the material fluctuations experienced in three successive PCPs (i.e. -9.8% in 1H FY24, +5.2% in 1H FY23 and +7.8% in 1H FY22).

In 1H FY25, Average Revenue Per Funeral¹ increased from \$6,630 in the PCP to \$6,727 in 1H FY25, impacted by the full period contribution of ten² funeral businesses acquired during FY24 and pricing.

Comparable Average Revenue Per Funeral increased 2.6% on the PCP, in line with inflation³.

In 1H FY25, the Group generated 49% of its revenue from metropolitan areas, a decrease from 1H FY24 (51%), as a result of the regional profile of recent acquisitions.

¹ Revenue from funeral operations excluding disbursements and delivered pre-paid funeral impacts divided by the number of funerals performed in the relevant period.

² Excluding the 49.99% interest in an entity operating the business trading as Osbornes Funeral Directors which is equity accounted.

³ Source: Australian Bureau of Statistics, December 2024 Consumer Price Index (CPI) report (released 29 January 2025), reflecting an annual CPI increase of 2.4%.

Gross profit margin

The gross profit margin increased from 69.4% in the PCP to 70.0% in 1H FY25, positively impacted by pricing and favourable sales mix, partially offset by the financial profile of recent acquisitions. The comparable gross profit margin exceeded 70%.

Operating costs and Operating EBITDA

Operating costs increased by \$6,706,000 in 1H FY25 compared to the PCP, as a result of:

- the full period impact of ten² businesses acquired during FY24;
- the part period impact of Decra acquired in 1H FY25; and
- changes to executive remuneration as disclosed in the 2024 Remuneration Report.

Comparable opex per funeral increased by 2.4%³, in line with inflation.

Operating EBITDA in 1H FY25 was \$29,899,000, 9.2% higher than the PCP.

Depreciation, interest and other income and expenses

Depreciation increased from \$7,058,000 in 1H FY24 to \$7,798,000 in 1H FY25, which mainly related to business and property acquisitions completed during FY24 and 1H FY25.

Net interest expense (excluding leases liabilities - AASB 16) was \$4,183,000, \$1,258,000 lower than the PCP, driven by lower drawn debt as a result of the capital raising completed in early 2024, partially offset by draw downs to fund acquisitions and property purchases and a higher average effective interest rate.

Acquisition costs totalled \$498,000 (1H FY24: \$1,922,000).

Net other income and expenses of \$231,000 largely related to non-operating income and expenditure, being net insurance recoveries, net gain on disposal of assets, net foreign exchange gain and expenses primarily relating to the administration of the Group's pre-paid contracts.

Pre-paid contracts

Funds held in connection with pre-paid contracts are largely held with third party friendly societies who invest the funds in cash and fixed interest products (more than 90% of funds held) and other asset classes (less than 10% of funds held). In 1H FY25, pre-paid contracts that turned at need in Australia accounted for less than 10% of the Group's Australian funeral volumes, consistent with the PCP.

In accordance with AASB 15, 'Revenue from Contracts with Customers', Propel recognises investment returns generated on funds held for pre-paid contracts net of a non-cash financing charge. The net financing charge is disclosed below Operating EBITDA and Operating NPAT.

Impairment

Following a review of the carrying value of assets including goodwill as at 31 December 2024, no impairment was deemed necessary (1H FY24: Nil).

Income tax expense

In 1H FY25, income tax expense was \$4,712,000 (1H FY24: \$4,033,000). The adjusted effective tax rate was 29.7% (1H FY24: 29.5%).

Cash flow highlights

The cash flows for the Group are presented below:

	31 Dec 24	31 Dec 23
	Statutory	Statutory
	\$'000	\$'000
Receipts from customers (inc GST)	128,609	113,076
Payments to suppliers and employees (inc GST)	(101,049)	(86,760)
	27,560	26,316
Income taxes paid	(3,944)	(4,378)
Interest paid	(5,008)	(5,393)
Interest received	281	244
Net cash provided by operating activities	18,890	16,789
Payment for purchases of business, net of cash acquired	(7,986)	(79,887)
Net payments of property, plant and equipment	(16,359)	(8,221)
Other investing cash flows	(129)	(128)
Net cash used by investing activities	(24,474)	(88,236)
Net proceeds from borrowings	16,730	42,774
Dividends paid	(9,933)	(8,159)
Other financing cash flows	(2,306)	(2,085)
Net cash provided by financing activities	4,491	32,530
Net decrease in cash during the year	(1,093)	(38,917)
Cash at the beginning of the year	7,250	46,882
Exchange rate effects	(14)	34
Cash at the end of the year	6,143	7,999

1H FY25 statutory operating cash flows⁴ were 4.7% higher than the PCP, largely driven by contributions from acquisitions and organic growth, partially offset by unfavourable working capital movements.

Cash flow conversion was 96.1% in 1H FY25, compared to 100.8% achieved in the PCP as shown in the table below:

	31 Dec 24	31 Dec 23
	\$'000	\$'000
Operating EBITDA	29,899	27,390
Net cash provided by operating activities	18,890	16,789
Add: Interest paid	5,008	5,393
Add: Income tax paid	3,944	4,378
Add: Executive incentive timing difference	1,183	1,285
Less: Interest received	(281)	(244)
Ungeared, tax free, operating cash flow (adjusted)	28,744	27,601
Cash flow conversion¹	96.1%	100.8%

Note:

1. The percentage of Operating EBITDA converted into ungeared, pre-tax operating cash flow, adjusted for cash flow timing differences relating to executive bonuses.

Cash flows used in investing activities included capital expenditure related to:

	31 Dec 24	31 Dec 23
	\$'000	\$'000
Maintenance	4,871	6,223
Growth	1,391	1,758
Total capital expenditure	6,262	7,982

In 1H FY25, maintenance capital expenditure amounted to 4.2% of revenue (1H FY24: 6.0%). In addition to the above, Propel also acquired four freehold properties, not in connection with a business combination, for aggregate consideration of approximately \$9,500,000 (excluding stamp duty).

⁴ Ungeared, pre-tax operating cash flow.

Capital Management

As at 31 December 2024, the Group had drawn down \$129,953,000 of its \$275,000,000 senior debt facilities, compared to \$113,153,000 as at 30 June 2024. The increase in drawn debt largely relates to funding the 1H FY25 business and property acquisitions. As at 31 December 2024, the Group reported cash and cash equivalents of \$6,143,000 and net debt⁵ of \$123,810,000 (30 June 2024: \$105,903,000).

Financial covenant ratios on the senior debt facilities comprise a net leverage ratio which must be no greater than 5.0x⁶ and a fixed charge cover ratio which must be greater than 1.75x. Both ratios were comfortably satisfied as at 31 December 2024, being 1.9x (30 June 2024: 1.6x) and 4.0x (30 June 2024: 3.6x) respectively.

As at the date of this directors' report, the Group had available funding capacity⁷ of approximately \$143,685,000 (30 June 2024: \$153,400,000).

Events after the reporting period

Subsequent to 31 December 2024, the Group:

- completed the acquisition of Twentymans; and
- entered into binding conditional legal documentation to acquire Richmond Funeral Home (including Clareville Crematorium), a funeral services provider operating in and around Carterton, New Zealand since 1887.

These businesses generate revenue of approximately \$3,700,000 per annum and the total consideration payable for the two acquisitions is up to \$7,300,000.

The Group is currently in the process of finalising the accounting for Twentymans and expects to complete its preliminary allocation of the purchase consideration to the assets acquired and liabilities assumed by the end of the financial year.

On 24 February 2025, the directors declared a fully franked dividend of 7.4 cents per ordinary share. The dividend will be paid on 4 April 2025. This equates to an estimated total distribution of \$10,209,000. The financial effect of the dividend declared after the reporting date is not reflected in the 31 December 2024 financial statements and will be recognised in the period to 30 June 2025.

Apart from the events disclosed above, no other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

Outlook

In terms of the outlook for the remainder of FY25 ('2H FY25'), Propel expects to benefit from:

- favourable demographics in Australia and New Zealand;
- its strong funding position; and
- acquisitions completed and announced to date and other potential future acquisitions in what remains a highly fragmented industry (although timing is uncertain).

In that regard, Propel has started 2H FY25 with positive trading momentum. In the month of January 2025, revenue growth over the PCP exceeded 10%⁸, reflecting:

- materially higher total funeral volumes, including contributions from acquisitions and positive comparable funeral volume growth; and
- higher Average Revenue Per Funeral.

However, it should be noted that death volumes fluctuate over short time horizons.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act is set out immediately after this directors' report.

⁵ Drawn senior debt less cash and cash equivalents.

⁶ The net leverage ratio for covenant purposes includes adjustments – for example: (1) the Group's \$25m working capital facility is excluded from net debt; and (2) Operating EBITDA includes the annualised impact of acquisitions and is calculated on a pre AASB16 basis.

⁷ Undrawn debt and cash at bank, as at 31 December 2024, less the cash required to fund commitments relating to acquisitions announced/completed and one unrelated freehold property. Excluding transaction costs and subject to completion adjustments and exchange rate movements, where applicable.

⁸ Based on the Company unaudited management accounts.

Propel Funeral Partners Limited
Directors' report
31 December 2024

This directors' report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act.

On behalf of the directors



Brian Scullin
Chairman

24 February 2025



Albin Kurti
Managing Director

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To the Board of Directors of Propel Funeral Partners Limited

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

As lead auditor for the review of the financial statements of Propel Funeral Partners Limited for the half-year ended 31 December 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

Yours sincerely,



Nexia Sydney Audit Pty Ltd



Mark Boyle
Director

Date: 24 February 2025

Propel Funeral Partners Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2024

		Consolidated	
	Note	31 Dec 2024	31 Dec 2023
		\$'000	\$'000
Revenue	4	115,210	102,897
Expenses			
Cost of sales and goods		(34,592)	(31,494)
Employee costs	5	(38,095)	(32,221)
Occupancy and facility expenses		(5,704)	(5,308)
Advertising expenses		(2,386)	(2,417)
Motor vehicle expenses		(1,589)	(1,482)
Other expenses		(3,187)	(2,817)
		<u>29,657</u>	<u>27,158</u>
Acquisition costs		(498)	(1,922)
Net gain on disposal of assets		32	100
Other income		-	148
Depreciation expense	5	(7,798)	(7,058)
Interest income		257	254
Interest expense	5	(4,984)	(6,223)
Net financing charge on contract assets and contract liabilities	6	(132)	(160)
Net foreign exchange (loss)/gain		(54)	3
		<u>16,480</u>	<u>12,300</u>
Profit before income tax expense		16,480	12,300
Income tax expense		(4,712)	(4,033)
		<u>11,768</u>	<u>8,267</u>
Profit after income tax expense for the half-year attributable to the shareholders of Propel Funeral Partners Limited		11,768	8,267
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(1,166)	709
		<u>(1,166)</u>	<u>709</u>
Other comprehensive income for the half-year, net of tax		(1,166)	709
		<u>(1,166)</u>	<u>709</u>
Total comprehensive income for the half-year attributable to the shareholders of Propel Funeral Partners Limited		<u>10,602</u>	<u>8,976</u>
		cents	cents
Basic earnings per share	19	8.53	6.99
Diluted earnings per share	19	8.53	6.99

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Propel Funeral Partners Limited
Consolidated statement of financial position
As at 31 December 2024

		Consolidated	
	Note	31 Dec 2024	30 Jun 2024
		\$'000	\$'000
Assets			
Current assets			
Cash and cash equivalents		6,143	7,250
Customer deposits		702	595
Contract assets	6	75,987	77,166
Trade and other receivables		9,254	10,062
Inventories		7,103	5,735
Prepayments		4,304	1,544
Current tax assets		288	916
Total current assets		<u>103,781</u>	<u>103,268</u>
Non-current assets			
Investments accounted for using the equity method		428	466
Property, plant and equipment	7	299,716	289,044
Right-of-use assets	8	28,847	29,303
Goodwill	9	200,645	194,497
Deferred tax		6,821	7,751
Other assets		258	251
Total non-current assets		<u>536,715</u>	<u>521,312</u>
Total assets		<u>640,496</u>	<u>624,580</u>
Liabilities			
Current liabilities			
Trade and other payables	10	14,121	12,532
Borrowings	11	24,724	24,845
Provisions	12	11,883	13,351
Lease liabilities		4,340	4,137
Contract liabilities	6	82,858	84,029
Total current liabilities		<u>137,926</u>	<u>138,894</u>
Non-current liabilities			
Borrowings	11	104,423	87,423
Lease liabilities		27,822	28,380
Deferred tax liabilities		13,640	14,448
Provisions	12	3,823	3,573
Other liabilities		118	128
Total non-current liabilities		<u>149,826</u>	<u>133,952</u>
Total liabilities		<u>287,752</u>	<u>272,846</u>
Net assets		<u>352,744</u>	<u>351,734</u>
Equity			
Issued capital	13	380,777	380,436
Reserves		(3,184)	(2,018)
Accumulated losses		(24,849)	(26,684)
Total equity		<u>352,744</u>	<u>351,734</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Propel Funeral Partners Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2024

Consolidated	Issued capital \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2023	280,462	(716)	(26,413)	253,333
Profit after income tax expense for the half-year	-	-	8,267	8,267
Other comprehensive income for the half-year, net of tax	-	709	-	709
Total comprehensive income for the half-year	-	709	8,267	8,976
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	1,058	-	-	1,058
Dividends paid (note 14)	-	-	(8,159)	(8,159)
Balance at 31 December 2023	<u>281,520</u>	<u>(7)</u>	<u>(26,305)</u>	<u>255,208</u>

Consolidated	Issued capital \$'000	Foreign currency translation reserve \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 July 2024	380,436	(2,018)	(26,684)	351,734
Profit after income tax expense for the half-year	-	-	11,768	11,768
Other comprehensive income for the half-year, net of tax	-	(1,166)	-	(1,166)
Total comprehensive income for the half-year	-	(1,166)	11,768	10,602
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 13)	341	-	-	341
Dividends paid (note 14)	-	-	(9,933)	(9,933)
Balance at 31 December 2024	<u>380,777</u>	<u>(3,184)</u>	<u>(24,849)</u>	<u>352,744</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Propel Funeral Partners Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2024

	Note	Consolidated 31 Dec 2024 \$'000	31 Dec 2023 \$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		128,609	113,076
Payments to suppliers and employees (inclusive of GST)		<u>(101,049)</u>	<u>(86,760)</u>
		27,560	26,316
Interest received		281	244
Interest and other finance costs paid - borrowings		(4,465)	(4,865)
Interest paid - lease liabilities (AASB 16)		(542)	(528)
Income taxes paid		<u>(3,944)</u>	<u>(4,378)</u>
Net cash from operating activities		<u>18,890</u>	<u>16,789</u>
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	18	(7,986)	(79,887)
Payments for property, plant and equipment		(16,507)	(8,529)
Proceeds from disposal of property, plant and equipment		148	308
Net cash outflow in contract assets and contract liabilities		<u>(129)</u>	<u>(128)</u>
Net cash used in investing activities		<u>(24,474)</u>	<u>(88,236)</u>
Cash flows from financing activities			
Proceeds from borrowings		24,250	48,300
Repayment of borrowings		(7,450)	(5,500)
Loans to other parties		(65)	-
Repayment of lease liabilities		(2,306)	(2,085)
Repayment of hire purchases		(5)	(26)
Dividends paid	14	<u>(9,933)</u>	<u>(8,159)</u>
Net cash from financing activities		<u>4,491</u>	<u>32,530</u>
Net decrease in cash and cash equivalents		(1,093)	(38,917)
Cash and cash equivalents at the beginning of the financial half-year		7,250	46,882
Effects of exchange rate changes on cash and cash equivalents		<u>(14)</u>	<u>34</u>
Cash and cash equivalents at the end of the financial half-year		<u><u>6,143</u></u>	<u><u>7,999</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Propel Funeral Partners Limited
Notes to the consolidated financial statements
31 December 2024

Note 1. General information

These general purpose financial statements ('financial statements') relate to Propel Funeral Partners Limited as the consolidated entity (referred to hereafter as the 'Group') consisting of Propel Funeral Partners Limited (referred to hereafter as 'Propel', the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2024. The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Propel is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 18.03
135 King Street
Sydney NSW 2000

A description of the nature of the Group's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 February 2025. The directors have the power to amend and reissue the financial statements.

Note 2. Material accounting policy information

The financial statements for the interim half-year reporting period ended 31 December 2024 have been prepared in accordance with AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, the financial statements are to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the prior financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any material impact on the financial performance or position of the Group during the financial half-year ended 31 December 2024 and are not expected to have a significant impact for the full financial year ending 30 June 2025.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Material accounting policy information (continued)

The amended Accounting Standards that are mandatory for the current reporting period and are relevant to the Group are set out below.

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current and AASB 2022-6 Amendments to Australian Accounting Standards - Non-current Liabilities with Covenants

AASB 2020-1 was issued in March 2020 and is applicable to annual periods beginning on or after 1 January 2024, as extended by AASB 2020-6. Early adoption is permitted. AASB 2022-6 was issued in December 2022 and is applicable to annual periods beginning on or after 1 January 2024. Early adoption is permitted where AASB 2020-1 is also early adopted.

These standards amend AASB 101 'Presentation of Financial Statements' to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. The amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. If the deferral right is subject to the entity complying with covenants in the loan arrangement based on information up to and including reporting date, the deferral right will exist where the entity is able to comply with the covenant on or before the end of the reporting date even if compliance is assessed after the reporting date. The deferral right will be deemed to exist at reporting date if the entity is required to comply with the covenant only after the reporting date based on post-reporting date information. Additional disclosure is required about loan arrangements classified as non-current liabilities in such circumstances which enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period. Classification of a liability as non-current is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least 12 months after the reporting date or even if the entity settles the liability prior to issue of the financial statements. The meaning of settlement of a liability is also clarified. These amendments do not have a material impact on the financial performance or position of the Group.

Note 3. Operating segments

Identification of reportable operating segments

The Group is organised into two geographic segments, Australian operations and New Zealand operations, both of which operate in the death care related services industry. The Australian and New Zealand operations include the aggregation of a number of businesses that exhibit similar long-term financial performance and economic characteristics.

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'), which includes two reportable segments, being Australian and New Zealand operations. The CODM are responsible for the allocation of resources to operating segments and assessing their performance. The CODM considers Operating EBITDA to be one of the core earnings measures of the Group.

Intersegment transactions

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at cost. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Propel Funeral Partners Limited
Notes to the consolidated financial statements
31 December 2024

Note 3. Operating segments (continued)

Operating segment information

Consolidated - 31 Dec 2024	Australian operations \$'000	New Zealand operations \$'000	Total \$'000
Revenue			
Sales to external customers	83,891	30,892	114,783
Other revenue (excluding interest)	309	118	427
Total revenue	84,200	31,010	115,210
Operating EBITDA			
Acquisition costs	(455)	(43)	(498)
Net gain on disposal of assets	27	5	32
Net other income/(expenses) *	1,146	(1,388)	(242)
Depreciation and amortisation	(6,072)	(1,726)	(7,798)
Interest income **	2,802	38	2,840
Finance costs **	(4,680)	(2,887)	(7,567)
Net financing charge on contract assets and contract liabilities	(111)	(21)	(132)
Net foreign exchange losses	(54)	-	(54)
Profit before income tax expense	13,859	2,621	16,480
Income tax expense			(4,712)
Profit after income tax expense			11,768
Assets			
Segment assets	562,192	154,190	716,382
Intersegment eliminations			(75,886)
Total assets			640,496
Liabilities			
Segment liabilities	193,826	169,812	363,638
Intersegment eliminations			(75,886)
Total liabilities			287,752

* Includes \$1,302,000 management charge from the Australian operations to the New Zealand operations.

** Includes \$2,583,000 interest charged on intercompany loan from the Australian operations to the New Zealand operations.

Propel Funeral Partners Limited
Notes to the consolidated financial statements
31 December 2024

Note 3. Operating segments (continued)

Consolidated - 31 Dec 2023	Australian operations \$'000	New Zealand operations \$'000	Total \$'000
Revenue			
Sales to external customers	76,607	26,043	102,650
Other revenue (excluding interest)	226	21	247
Total revenue	<u>76,833</u>	<u>26,064</u>	<u>102,897</u>
Operating EBITDA	19,863	7,527	27,390
Acquisition costs	(1,794)	(128)	(1,922)
Net gain/(loss) on disposal of assets	111	(11)	100
Net other income/(expenses) *	266	(350)	(84)
Depreciation and amortisation	(5,721)	(1,337)	(7,058)
Interest income **	2,736	75	2,811
Finance costs **	(6,038)	(2,742)	(8,780)
Net financing charge on contract assets and contract liabilities	(155)	(5)	(160)
Net foreign exchange losses	3	-	3
Profit before income tax expense	<u>9,271</u>	<u>3,029</u>	<u>12,300</u>
Income tax expense			(4,033)
Profit after income tax expense			<u>8,267</u>

Consolidated - 30 Jun 2024

Assets			
Segment assets	552,275	145,466	697,741
Intersegment eliminations			(73,161)
Total assets			<u>624,580</u>
Liabilities			
Segment liabilities	256,783	89,224	346,007
Intersegment eliminations			(73,161)
Total liabilities			<u>272,846</u>

* Includes \$411,000 management charge from the Australian operations to the New Zealand operations.

** Includes \$2,557,000 interest charged on intercompany loan from the Australian operations to the New Zealand operations.

Geographical information

	Geographical non-current assets	
	31 Dec 2024 \$'000	30 Jun 2024 \$'000
Australia	461,994	449,438
New Zealand	143,786	136,900
Intersegment eliminations	(75,886)	(72,777)
	<u>529,894</u>	<u>513,561</u>

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Propel Funeral Partners Limited
Notes to the consolidated financial statements
31 December 2024

Note 4. Revenue

	Consolidated	
	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
Revenue from contracts with customers	114,783	102,650
<i>Other revenue</i>		
Rent	427	247
Revenue	<u>115,210</u>	<u>102,897</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
Funeral operations	101,102	91,744
Cemetery, crematoria and memorial gardens	12,442	10,180
Other trading revenue	1,239	726
	<u>114,783</u>	<u>102,650</u>

All revenue is recognised at a point in time. Refer to note 3 for information on geographical regions.

Note 5. Expenses

Consolidated
31 Dec 2024 31 Dec 2023
\$'000 \$'000

Profit before income tax includes the following specific expenses:

Depreciation

Buildings	1,666	1,579
Improvements	575	434
Plant and equipment	1,930	1,800
Motor vehicles	1,175	1,040

Total depreciation - property, plant and equipment (note 7)	5,346	4,853
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Building right-of-use assets	2,269	2,027
Plant and equipment right-of-use assets	176	171
Motor vehicles right-of-use assets	7	7

Total depreciation - right-of-use assets (note 8)	2,452	2,205
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Total depreciation expense	7,798	7,058
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Interest expense

Interest and finance charges paid/payable on borrowings	4,441	5,695
Interest and finance charges paid/payable on lease liabilities (AASB 16)	543	528

Total interest expense	4,984	6,223
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Employee costs

Employee costs and superannuation expense	36,147	30,634
Employee costs reclassified to other costs	(439)	(471)
Defined contribution superannuation expense	2,387	2,058

Total employee costs	38,095	32,221
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Note 6. Contract assets and liabilities

Consolidated
31 Dec 2024 30 Jun 2024
\$'000 \$'000

Contract assets

- pre-paid contracts	75,987	77,166
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Contract liabilities

- pre-paid contracts	80,834	82,156
- monument works	2,024	1,873

	82,858	84,029
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Pre-paid contracts

The Group recognises contract assets and contract liabilities in relation to pre-paid funerals, memorials and other products and services where the customer pays for those products and services in advance. Funds held in connection with pre-paid contracts are largely held with third party friendly societies who invest the funds in cash and fixed interest products (more than 90% of funds held) and other asset classes (less than 10% of funds held).

Profit or loss impacts and movements in contract assets and contract liabilities in relation to the pre-paid contracts are set out below:

Note 6. Contract assets and liabilities (continued)

	Consolidated	
	31 Dec 2024 \$'000	31 Dec 2023 \$'000
Profit or loss impact of undelivered contract assets and contract liabilities - pre-paid contracts		
Investment income on contract assets	908	869
Finance charge on contract liabilities	(1,040)	(1,029)
	<u>(132)</u>	<u>(160)</u>
Net financing charge on contract assets and contract liabilities - pre-paid contracts	<u>(132)</u>	<u>(160)</u>
	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$'000	\$'000
Movements in contract assets - pre-paid contracts		
Opening balance	77,166	64,511
Sales of new contract assets	1,877	3,785
Redemption of contract assets following service delivery	(3,962)	(7,345)
Increase due to business combinations (note 18)	-	14,607
Increase due to investments returns	908	1,614
Exchange differences	(2)	(6)
	<u>75,987</u>	<u>77,166</u>
Closing balance	<u>75,987</u>	<u>77,166</u>
Contract assets expected to be realised within one year	7,297	8,740
Contract assets expected to be realised after one year	68,690	68,426
	<u>75,987</u>	<u>77,166</u>
Total contract assets - pre-paid contracts	<u>75,987</u>	<u>77,166</u>
	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$'000	\$'000
Movements in contract liabilities - pre-paid contracts		
Opening balance	82,156	69,620
Sales of new contract liabilities	1,877	3,785
Decrease following delivery of services	(4,229)	(7,950)
Increase due to business combinations (note 18)	-	14,607
Increase due to finance charge applied in accordance with AASB 15	1,040	2,100
Exchange differences	(10)	(6)
	<u>80,834</u>	<u>82,156</u>
Closing balance	<u>80,834</u>	<u>82,156</u>
Contract liabilities expected to be realised within one year	7,762	9,305
Contract liabilities expected to be realised after one year	73,072	72,851
	<u>80,834</u>	<u>82,156</u>
Total contract liabilities - pre-paid contracts	<u>80,834</u>	<u>82,156</u>

All contract assets and contract liabilities have been treated as current because the asset and the liability originate from the same contract. The contract liability is recognised as a current liability as the Group does not have a right to defer settlement of the liability for more than 12 months after the reporting period. Accordingly, because the liability is classified as current, the associated contract asset balance is also classified as current.

The assets and liabilities have been split between amounts 'expected to be realised within one year' and 'amounts expected to be realised after one year' based on historical trends.

Propel Funeral Partners Limited
Notes to the consolidated financial statements
31 December 2024

Note 7. Property, plant and equipment

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$'000	\$'000
<i>Non-current assets</i>		
Land - at cost	121,204	115,230
Buildings - at cost	134,606	131,453
Less: Accumulated depreciation	(15,556)	(13,909)
	<u>119,050</u>	<u>117,544</u>
Improvements - at cost	18,135	17,072
Less: Accumulated depreciation	(3,759)	(3,189)
	<u>14,376</u>	<u>13,883</u>
Plant and equipment - at cost	40,743	37,784
Less: Accumulated depreciation	(17,287)	(15,401)
	<u>23,456</u>	<u>22,383</u>
Motor vehicles - at cost	27,041	24,719
Less: Accumulated depreciation	(10,705)	(9,856)
	<u>16,336</u>	<u>14,863</u>
Construction in progress - at cost	5,294	5,141
	<u>299,716</u>	<u>289,044</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Land \$'000	Buildings \$'000	Improvements \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Construction in progress \$'000	Total \$'000
Balance at 1 July 2024	115,230	117,544	13,883	22,383	14,863	5,141	289,044
Additions	6,382	3,321	547	1,361	977	4,024	16,612
Additions through business combinations (note 18)	-	-	-	227	185	-	412
Disposals	-	-	-	(46)	(197)	-	(243)
Exchange differences	(408)	(232)	(41)	(29)	(34)	(19)	(763)
Transfers in/(out)	-	83	562	1,490	1,717	(3,852)	-
Depreciation expense (note 5)	-	(1,666)	(575)	(1,930)	(1,175)	-	(5,346)
Balance at 31 December 2024	<u>121,204</u>	<u>119,050</u>	<u>14,376</u>	<u>23,456</u>	<u>16,336</u>	<u>5,294</u>	<u>299,716</u>

Propel Funeral Partners Limited
Notes to the consolidated financial statements
31 December 2024

Note 8. Right-of-use assets

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$'000	\$'000
<i>Non-current assets</i>		
Land and buildings - right-of-use	44,468	42,862
Less: Accumulated depreciation	<u>(16,441)</u>	<u>(14,463)</u>
	<u>28,027</u>	<u>28,399</u>
Plant and equipment - right-of-use	1,633	1,552
Less: Accumulated depreciation	<u>(828)</u>	<u>(671)</u>
	<u>805</u>	<u>881</u>
Motor vehicles - right-of-use	42	43
Less: Accumulated depreciation	<u>(27)</u>	<u>(20)</u>
	<u>15</u>	<u>23</u>
	<u><u>28,847</u></u>	<u><u>29,303</u></u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Land and buildings	Plant and equipment	Motor vehicles	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2024	28,399	881	23	29,303
Additions	269	112	-	381
Additions through business combinations (note 18)	1,132	-	-	1,132
Lease reassessment and rent increases	604	1	-	605
Early terminations	(89)	(10)	-	(99)
Exchange differences	(19)	(3)	(1)	(23)
Depreciation expense (note 5)	<u>(2,269)</u>	<u>(176)</u>	<u>(7)</u>	<u>(2,452)</u>
Balance at 31 December 2024	<u><u>28,027</u></u>	<u><u>805</u></u>	<u><u>15</u></u>	<u><u>28,847</u></u>

Note 9. Goodwill

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$'000	\$'000
<i>Non-current assets</i>		
Goodwill - at cost	<u>200,645</u>	<u>194,497</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Goodwill
	\$'000
Balance at 1 July 2024	194,497
Additions through business combinations (note 18)	6,544
Adjustments for prior year business combinations	9
Exchange differences	<u>(405)</u>
Balance at 31 December 2024	<u><u>200,645</u></u>

Propel Funeral Partners Limited
Notes to the consolidated financial statements
31 December 2024

Note 10. Trade and other payables

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$'000	\$'000
<i>Current liabilities</i>		
Trade payables	5,496	4,087
Deposits	1,211	980
Accrued expenses	3,710	3,952
GST payable	1,256	1,137
Other payables	2,448	2,376
	<u>14,121</u>	<u>12,532</u>

Note 11. Borrowings

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$'000	\$'000
<i>Current liabilities</i>		
Bank Loans	24,724	24,840
Hire purchases	-	5
	<u>24,724</u>	<u>24,845</u>
<i>Non-current liabilities</i>		
Bank Loans	104,423	87,423
	<u>129,147</u>	<u>112,268</u>
Senior debt	129,953	113,153
Less: loan establishment costs	(806)	(890)
	<u>129,147</u>	<u>112,263</u>
Total Bank Loans	<u><u>129,147</u></u>	<u><u>112,263</u></u>

Bank Loans

As at the reporting date, the Group was party to the following debt facilities with the Westpac Banking Corporation ('Financier'):

- \$250,000,000 senior debt facility which matures in October 2027; and
- \$25,000,000 working capital facility which matures in October 2027 and is required to be cleaned down annually,

resulting in total debt facilities of \$275,000,000 (together, 'Senior Debt'), of which \$129,953,000 was drawn as at 31 December 2024 (30 June 2024: \$113,153,000). The net debt position (i.e. drawn Senior Debt less cash and cash equivalents of \$6,143,000) was \$123,810,000 as at 31 December 2024 (30 June 2024: \$105,903,000).

In connection with the Senior Debt, the Company and its subsidiaries have granted a charge in favour of the Financier over all its assets and guaranteed the payment of the secured monies.

Propel Funeral Partners Limited
Notes to the consolidated financial statements
31 December 2024

Note 12. Provisions

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$'000	\$'000
<i>Current liabilities</i>		
Employee benefits	10,026	11,161
Contingent consideration (note 15)	1,794	2,130
Lease make good	63	60
	<u>11,883</u>	<u>13,351</u>
<i>Non-current liabilities</i>		
Employee benefits	908	973
Contingent consideration (note 15)	2,326	2,013
Lease make good	290	294
Perpetual maintenance care provision	299	293
	<u>3,823</u>	<u>3,573</u>
	<u>15,706</u>	<u>16,924</u>

Note 13. Issued capital

	Consolidated			
	31 Dec 2024	30 Jun 2024	31 Dec 2024	30 Jun 2024
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	137,958,349	137,873,815	380,777	380,436
	<u>137,958,349</u>	<u>137,873,815</u>	<u>380,777</u>	<u>380,436</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2024	137,873,815		380,436
Shares issued - business combinations (note 18)	17 July 2024	84,534	\$4.03	341
Balance	31 December 2024	<u>137,958,349</u>		<u>380,777</u>

Ordinary shares

Ordinary shares entitle the holder to participate in any dividends and any proceeds attributable to shareholders should the Company be wound up, in proportions that consider both the number of shares held and the extent to which those shares are paid up. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands, every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Propel Funeral Partners Limited
Notes to the consolidated financial statements
31 December 2024

Note 14. Dividends

Dividends

Dividends paid during the financial half-year were as follows:

	Consolidated	
	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
Final dividend for the year ended 30 June 2024 of 7.20 cents (30 June 2023: 6.90 cents) per ordinary share	9,933	8,159

Interim dividend not recognised at period end

In addition to the above and since the reporting date, the directors declared a fully franked dividend of 7.4 cents per ordinary share on 24 February 2025. The dividend will be paid on 4 April 2025. The financial effect of the dividend declared after the reporting date is not reflected in the 31 December 2024 financial statements and will be recognised in the period to 30 June 2025.

Franking credits

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$'000	\$'000
Franking credits available for subsequent financial years based on a tax rate of 30%	12,202	12,561

The above amounts represent the balance of the franking account as at the end of the financial half-year, adjusted for franking credits that will arise from the:

- net payment of the amount of the provision for income tax at the reporting date;
- payment of dividends recognised as a liability at the reporting date;
- receipt of dividends recognised as receivables at the reporting date; and
- franking credits acquired through business combinations.

Note 15. Fair value measurement

Fair value hierarchy

This section outlines the valuation techniques used to measure fair value of financial instruments which maximises the use of relevant observable inputs and minimises the use of unobservable inputs.

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated - 31 Dec 2024	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
<i>Liabilities</i>				
Current				
Contingent consideration	-	-	1,794	1,794
Non-current				
Contingent consideration	-	-	2,326	2,326
Total liabilities	-	-	4,120	4,120

Propel Funeral Partners Limited
Notes to the consolidated financial statements
31 December 2024

Note 15. Fair value measurement (continued)

Consolidated - 30 Jun 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<i>Liabilities</i>				
Current				
Contingent consideration	-	-	2,130	2,130
Non-current				
Contingent consideration	-	-	2,013	2,013
Total liabilities	<u>-</u>	<u>-</u>	<u>4,143</u>	<u>4,143</u>

There were no transfers between levels during the financial half-year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Valuation techniques for fair value measurements categorised within level 2 and level 3

Due to the nature of contingent consideration, it has been categorised as Level 3.

Contingent consideration represents the obligation to pay additional amounts to vendors in respect of businesses acquired by the Group, subject to certain conditions being met. It is measured at the present value of the estimated liability. The fair value of contingent consideration is calculated on the expected future cash outflows. Generally, the contingent consideration is a performance based payment. These are reviewed at the reporting date to provide the expected future cash outflows for each contract. Upon completion of the review the future cash outflows are then discounted to present value using the Group's incremental borrowing rate.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current financial half-year are set out below:

Consolidated	Contingent consideration \$'000
Balance at 1 July 2024	4,143
Payments made (note 18)	(1,363)
Additions through business combinations (note 18)	1,188
Movement due to changes in discount rate	172
Foreign exchange differences	(20)
Balance at 31 December 2024	<u><u>4,120</u></u>

Fair value movements are recognised in the statement of profit or loss as movements in interest expense. Fair value movements for the period in relation to revaluation of contingent consideration amounted to \$172,000 (31 December 2023: \$130,000). A stress test of 150 basis points was conducted and found to have an immaterial impact.

Note 16. Contingent liabilities

The Group had \$1,294,000 bank guarantees as at 31 December 2024 (30 June 2024: \$1,294,000) in relation to premises the Group leases.

The directors are not aware of any other contingent liabilities that existed as at the reporting date or on the date of approval of the financial statements (30 June 2024: Nil).

Propel Funeral Partners Limited
Notes to the consolidated financial statements
31 December 2024

Note 17. Commitments

	Consolidated	
	31 Dec 2024	30 Jun 2024
	\$'000	\$'000

Capital commitments

Committed at the reporting date but not recognised as liabilities, payable:

Property, plant and equipment	5,592	4,244
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Note 18. Business combinations

Decra

In July 2024, the Group acquired the business, assets and a freehold property associated with Decra Art Headstones & Monuments ('Decra'), which supplies headstones and monuments across New Zealand. Consideration of \$6,465,000 was paid on settlement and consisted of \$6,125,000 in cash and 84,534 ordinary shares in Propel (recognised at a fair value of \$341,000 given the escrow arrangements) and a further amount of \$1,188,000 (present value) will be paid if certain financial thresholds are achieved, resulting in total consideration of up to \$7,654,000.

Details of the purchase consideration, the net assets acquired and goodwill for the acquisition of Decra is disclosed below.

The assets and liabilities recognised as a result of the acquisitions are as follows:

	Decra Fair value \$'000
Assets:	
Inventories	946
Other current assets	21
Property, plant and equipment	227
Motor vehicles	185
Right-of-use assets	1,132
Deferred tax assets	14
Liabilities:	
Provisions	(55)
Lease liabilities	(1,063)
Deferred monument works	(121)
Other liabilities	(176)
Net assets acquired	1,110
Goodwill	6,544
Acquisition-date fair value of the total consideration transferred	7,654
Representing:	
Cash paid or payable to vendor	6,125
Propel Funeral Partners Limited shares issued to vendor	341
Contingent consideration (discounted)	1,188
	7,654
Cash used to acquire business, net of cash acquired per cash flow statement:	
Cash paid to vendor	6,125
Less: cash and cash equivalents	-
Net cash used	6,125

Propel Funeral Partners Limited
Notes to the consolidated financial statements
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Note 18. Business combinations (continued)

Goodwill recognised is attributable to the locations and the profitability of the acquired business and will not be deductible for tax purposes. Total acquisition costs expensed to profit and loss was \$498,000. The acquisition accounting was provisional as at 31 December 2024.

	31 Dec 2024
	\$'000
Payment for purchase of business, net of cash acquired per cash flow statement:	
Net cash used for the acquisitions	6,125
Acquisition costs	498
Contingent consideration payments (note 15)	<u>1,363</u>
Net cash used	<u><u>7,986</u></u>

Details of revenues and profit/(loss) are as follows:

	Decra
	\$'000
Revenue generated from acquisition date to 31 December 2024	1,862
Net profit after tax from acquisition date to 31 December 2024	414

If the acquisition had completed on 1 July 2024, it is estimated that the Group's revenue and net profit after tax for the half-year period would have been approximately \$115,387,000 and approximately \$11,807,000 respectively.

Note 19. Earnings per share

	Consolidated	
	31 Dec 2024	31 Dec 2023
	\$'000	\$'000
Profit after income tax attributable to the shareholders of Propel Funeral Partners Limited	<u>11,768</u>	<u>8,267</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>137,950,539</u>	<u>118,206,600</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>137,950,539</u>	<u>118,206,600</u>
	cents	cents
Basic earnings per share	8.53	6.99
Diluted earnings per share	8.53	6.99

Note 20. Events after the reporting period

Subsequent to 31 December 2024, the Group:

- completed the acquisition of Twentymans; and
- entered into binding conditional legal documentation to acquire Richmond Funeral Home (including Clareville Crematorium), a funeral services provider operating in and around Carterton, New Zealand since 1887.

These businesses generate revenue of approximately \$3,700,000 per annum and the total consideration payable for the two acquisitions is up to \$7,300,000.

The Group is currently in the process of finalising the accounting for Twentymans and expects to complete its preliminary allocation of the purchase consideration to the assets acquired and liabilities assumed by the end of the financial year.

On 24 February 2025, the directors declared a fully franked dividend of 7.4 cents per ordinary share. The dividend will be paid on 4 April 2025. This equates to an estimated total distribution of \$10,209,000. The financial effect of the dividend declared after the reporting date is not reflected in the 31 December 2024 financial statements and will be recognised in the period to 30 June 2025.

Apart from the events disclosed above, no other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

Propel Funeral Partners Limited
Directors' declaration
31 December 2024

In the directors' opinion:

- the attached consolidated financial statements and notes comply with the Corporations Act 2001 (Cth) ('Corporations Act'), the Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act.

On behalf of the directors



Brian Scullin
Chairman

24 February 2025



Albin Kurti
Managing Director

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Propel Funeral Partners Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Propel Funeral Partners Limited (the Company and its subsidiaries ("the Group")), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of material accounting policies and other explanatory information, and the Directors' Declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the Corporations Act 2001 including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Nexia Sydney Audit Pty Ltd****Mark Boyle***Director*

Dated: 24 February 2025
Sydney